

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice CMA-22

For: CMA's, LSA's, and State and County Offices Except AK, HI, and PR

New Applications Required for CMA Program

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A

Background

Interim Regulations published in the April 9, 1998, Federal Register revised CCC's CMA Program for the first time in more than 15 years. The new CMA Program:

- focuses on CMA's CCC marketing assistance loan and LDP-related activities
- removes requirements unrelated to CCC marketing assistance loan and LDP-related activities.

Subparagraph B lists a summary of CMA Program changes.

B

**Summary of
Changes to the
CMA Program**

The 7 CFR 1425, Cooperative Marketing Associations, was rewritten for improved clarity. In addition, specific changes are as follows:

- all bylaw requirements and requirements for bylaw submissions were removed
- equity requirements were removed
- financial requirements were simplified to indicate CMA's must have at least one dollar of current assets per dollar of current liabilities on the balance sheets submitted to CCC for approval and recertification

Continued on the next page

Disposal Date	Distribution
June 1, 1999	State Offices; State Offices relay to County Offices, CMA's, and LSA's

Notice CMA-22

1 Overview (Continued)

B

Summary of Changes to the CMA Program (Continued)

- CCC-846-2 submissions by cooperatives were removed
- seed cotton is no longer an authorized commodity for CMA's
- CMA's will now submit balance sheets instead of audits

Note: The balance sheet must be prepared by an independent Certified Public Accountant according to generally accepted accounting principles.

- provisions to allow discrepancies between CCC and CMA records related to the eligibility status for a producer under certain situations were added
- pooling requirements and restrictions have been rewritten to indicate that they **only** apply to authorized commodities in **loan pools**

Definition: Loan pool is any CMA pool containing commodities used by CMA to obtain either loans or LDP's.

- the member volume requirement for a authorized crop involved in CMA loan or LDP activity has been reduced from 80 percent to 50 percent
 - CCC may now terminate a suspended CMA in less than 1 year
 - the requirement for CMA's to submit revised applications every 5 years was changed to require submissions when CCC questions whether CMA is operating according to documents previously submitted.
-

C

Purpose

This notice provides instructions for:

- **all** current CMA's to submit a new CCC-846 according to this notice to maintain their CMA status
 - cooperatives seeking CMA status for the first time to submit CCC-846 according to this notice until a future 1-CMA amendment is issued.
-

D

2-CO-OP Obsolete

2-CO-OP is now obsolete. CMA's shall use the new 7 CFR 1425 until an amendment to 1-CMA for CMA Program provisions is issued.

Continued on the next page

Notice CMA-22

1 Overview (Continued)

E

Obtaining Copies of New CMA Program Regulations

PSD will mail, under separate cover, the new 7 CFR 1425, to current CMA's and cooperatives that apply for approval in the future. In addition, copies of the regulations are available through the "<http://www.access.gpo.gov/nara/cfr>" internet site.

2 CMA Action

A

CMA Approval

Cooperatives currently approved as CMA's shall submit new CMA applications according to this paragraph to PSD no later than COB July 17, 1998. PSD will mail CCC-846, Exhibit 1, and, if applicable, CCC-Cotton G and CCC-Cotton G-4 to each CMA by May 8, 1998.

The approval status for current CMA's that submit new applications by July 31, 1998, remains in effect until written notification by PSD of a change in approval status.

In a **change** from past operating practice, PSD will:

- no longer send existing CMA's or applicable State Offices notifications of continued approval status
- send CMA's and applicable State and CMA service County Offices notifications **only** when there is a change in a CMA's approval status.

Once terminated, a current CMA will have to submit a new application and wait approval.

Cooperatives not currently approved as CMA's and seeking CMA approval status shall contact PSD at 202-720-5396 to obtain an application package and related handbooks. After applications are reviewed and, if appropriate, approved, PSD will send a notification of approval to the cooperative and the applicable State Office.

Continued on the next page

Notice CMA-22

2 CMA Action (Continued)

B

Application Requirements

A cooperative seeking CMA approval status shall submit the following to PSD:

- CCC-846 completed according to subparagraph C.
- A balance sheet dated within the last year, prepared and accompanied by a letter from an independent Certified Public Accountant, certifying that the balance sheet was prepared according to generally accepted accounting principles.
- A copy of the articles of incorporation or articles of association and all marketing agreements for loan pools.

Note: To speed up the application process for current CMA's, the following statement may be attached.

"I, contact person's name, for name of current CMA, certify that the (insert either "articles of incorporation" or "articles of association" and all marketing agreements for loan pools being submitted with this application are identical to previous copies submitted to CCC for approval as a CMA.

Date

John Smith, title"

- A description of loan pools according to subparagraph D.
- CCC-Cotton G and CCC-Cotton G-4 completed by cooperatives in the cotton loan and LDP program.

Cooperatives shall:

- maintain a copy of all items submitted to PSD for the cooperative's records
- submit originals of CCC forms and copies of other documents to Director, PSD at the address appearing on CCC-846.

Continued on the next page

Notice CMA-22

2 CMA Action (Continued)

C

Completing CCC-846

The following table provides instructions on completing CCC-846. When any data on CCC-846 is not available because a new cooperative is applying for approval before the end of its first operating year, the cooperative shall enter the projected number as of the end of the first operating year.

Definition: Active member is a member who has utilized the services offered by a cooperative in 1 of the cooperative's 3 preceding FY's or a shorter period if provided in the cooperative's articles of incorporation or bylaws.

Item	Action
1	Enter legal name of cooperative.
2	Enter complete address for cooperative's headquarters office.
3	Cooperatives handling commodities other than cotton shall enter CMA Office address that will prepare loan and LDP documents. Note: This location will be used to determine the CMA service County Office.
4	Enter State Statute under which cooperative is incorporated.
5	Enter date cooperative was incorporated.
6	Enter State where cooperative was incorporated.
7	Enter regular mail address where cooperative wants CMA Program information mailed.
8	Enter overnight mail address where cooperative wants time critical CMA Program information sent. Note: This address cannot be a P.O. Box.
9	Enter name and title of person cooperative wishes to have as its official contact for the CMA Program.
10	Enter cooperatives tax payer identification number.
11	Enter business phone number for the "Contact Person" entered in block 8.
12	Enter cooperative's FAX number where CMA Program material should be sent.

Continued on the next page

Notice CMA-22

2 CMA Action (Continued)

C
Completing
CCC-846
(Continued)

Item	Action
13	Enter cooperative's or, if different, "Contact Person's" e-mail address.
14 A	Enter the number of active cooperative members as of the cooperative's last annual meeting.
14 B	Enter number of inactive cooperative members as of the cooperative's last annual meeting.
14 C	Enter the total of 14 A plus 14 B.
15 A	Enter the number of board members that are active members of the cooperative as of the cooperative's last annual meeting.
15 B	Enter the number of board members that are other than active cooperative members of the cooperative as of the cooperative's last annual meeting. Note: This number includes inactive members that are board members as well as State appointed and outside directors.
15 C	Enter the total of 15 A plus 15 B. This should be the cooperative's total number of directors.
16 A	Enter the amount of the cooperative's equity on the balance sheet being submitted in subparagraph D allocated to active members.
16 B	Enter the amount of the cooperative's equity on the balance sheet being submitted in subparagraph D allocated to inactive members.
16 C	Enter the amount of the cooperative's equity on the balance sheet being submitted in subparagraph D that is unallocated.
16 D	Enter the amount of the cooperative's equity on the balance sheet being submitted in subparagraph D owned by non-members of the cooperative.
16 E	Enter the total amount of the cooperative's equity on the balance sheet being submitted. This should equal the sum of 16 A, 16 B, 16 C, and 16 D.
17	Enter the date the cooperative's FY ends.
18	Enter the number of cooperatives, if any, that are members of the cooperative.

Continued on the next page

Notice CMA-22

2 CMA Action (Continued)

C
Completing
CCC-846
(Continued)

Item	Action
19 B	For each commodity for which the cooperative would like to be able to obtain loans or LDP's, enter the last complete crop year for which the cooperative has records.
19 D	For each commodity identified in 19 B, enter the volume in the units specified in column C for the crop year in 19 B delivered to the cooperative by members.
19 E	For each commodity identified in 19 B, enter the volume in the units specified in column C for the crop year in 19 B delivered to the cooperative by non-members.
19 F	For each commodity identified in 19 B, enter the volume in the units specified in column C for the crop year in 19 B delivered to the cooperative by member cooperatives.
19 G	For each commodity identified in 19 B, enter the total of columns 19 D, 19 E, and 19 F.
19 H	Enter the total for all entries in each column.
20	The resolutions in item 20 shall be adopted by the board of directors and made a part of the official minutes of the applicable board meeting and the certification in item 20 shall be signed and dated by the cooperative's secretary.
21	After reading the entire CCC-846, the cooperative official shall sign and enter the applicable title and date.

Continued on the next page

Notice CMA-22

2 CMA Action (Continued)

D

Required Loan Pool Description

A cooperative applying for approval in the CMA Program shall submit a written narrative description of each loan pool it intends to operate by authorized commodity. This narrative shall describe all loan pools that will be operated by CMA. The narrative shall document how the cooperative will:

- determine:
 - the quantity commodity allocated to each loan pool
 - which loan pool a commodity is assigned
 - advances made to members
 - progress payments during the marketing year
 - final settlements
 - determine deductions or capital retains withheld by CMA from:
 - advances for items such as storage and conditioning charges
 - progress payments during the marketing year
 - final settlements
 - distribute proceeds obtained from:
 - marketing
 - disposing of commodity
 - loan or LDP
 - distribute loan pool proceeds to each pool participant.
-

3 Questions and Obsolete Material

A

Contact

Refer questions related to submitting CMA Program applications or this notice to PSD at 202-720-5396.

B

Obsolete Material

2-CO-OP is obsolete.

CCC-846, Application for Approval of CMA for Loan and LDP's

A
CCC-846
Example

Following is an example of CCC-846.

REPRODUCE LOCALLY. Include form number and date on reproductions.		Form Approved - OMB No. 0560-0040	
CCC-846 (04-24-98)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
APPLICATION FOR APPROVAL OF COOPERATIVE MARKETING ASSOCIATION FOR LOAN AND LOAN DEFICIENCY PAYMENTS (LDP)			
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Agricultural Act of 1949, as amended, and the Federal Agriculture Improvement and Reform Act of 1996, and the Commodity Credit Corporation and 7 CFR Parts 1421, 1425, and 1427. This form also provides statements required by the Privacy Act, Paperwork Reduction and CCC Charter Act for forms: CCC-719, AGRIS Transaction Report; CCC-738, Cotton Block Warehouse Receipts; CCC-727, Basic Detail Warehouse Receipt Report; CCC-732, CMA or LSA Producer Payment Limitation Request; CCC-734, Notification of Pending Redemption and/or LDP Request. The information will be used on generated reports to County FSA Offices to obtain information concerning producer eligibility and payment limitation information, and CCC to modify Loan and Loan Deficiency Payment benefits paid to cooperative members. Furnishing the requested information is necessary to monitor participation in the Loan and Loan Deficiency Payment program. Failure to furnish the requested information will result in denial of further monies or other benefits paid out under this program unless these forms are completed and filed as required by existing law and regulations. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 288, 287, 371, 851, 1001; 15 USC 714m; and 31 USC 3729, may be applicable to the information provided.</p> <p>Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM (OMB No. 0560-0040), STOP 7630, Washington, D.C. 20250. RETURN THIS COMPLETED FORM TO THE DIRECTOR, PRICE SUPPORT DIVISION, USDA, FARM SERVICE AGENCY, 1400 INDEPENDENCE AVENUE, S.W., STOP 0512, WASHINGTON, DC 20250-0512.</p>			
INSTRUCTIONS: Submit original of this application, Articles of Incorporation, Uniform Marketing Agreement and related documents to the Director, Price Support Division, USDA, FSA, 1400 Independence Avenue, S.W., STOP 0512, Washington, D.C. 20250-0512.			
1. Legal Name of Cooperative Marketing Association (CMA)		2. Headquarter's Office Address	
USA Cotton Cooperative, Inc.		P.O. Box 100 Sometown, Texas 77777-7110	
3. CMA Program Location		4. State Statute of Incorporation	
P.O. Box 100 Sometown, Texas 77777-7110		Cooperative Marketing Act, Title A, Chapter 10	
5. Date of Incorporation		6. State of Incorporation	
June 1, 1947		Texas	
7. Regular Mail Address		8. Overnight Mail Address	
P.O. Box 110 Sometown, Texas 77777-7110		120 Main Street Sometown, Texas 77777-7120	
9. Contact Person and Title		10. IRS Tax ID No.	
Mr. Hal Smith, CEO		99-9999999	
11. Telephone No. (include area code)		13. E-Mail Address	
806-555-1212		XXXCOTTON@AOL.COM	
12. FAX No. (include area code)			
806-555-1212			
14. Number of Voting Members		C. TOTAL	
A. ACTIVE 500 + B. INACTIVE 10 = 510			
15. Number of Board Members		C. TOTAL	
A. ACTIVE 7 + B. OTHER 0 = 7			
16. Amount of Equity		E. TOTAL	
A. ACTIVE \$ 1,200,000 + B. INACTIVE 50,000 + C. UNALLOCATED 75,000 + D. OTHERS 0 = 1,325,000			
17. Date Fiscal Year Ends		18. Number of Member Cooperatives	
June 30		0	
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5954 (voice or TDD). USDA is an equal opportunity provider and employer.</small>			

Continued on the next page

CCC-846, Application for Approval of CMA for Loan and LDP's (Continued)

A
CCC-846
Example
(Continued)

CCC-846 (Reverse) 04-24-98

19. Requested Authorized Commodity Volume: $\frac{1}{2}$ CWT. = Hundredweight						
A. Authorized Commodity	B. Crop Year	C. Unit $\frac{1}{2}$	D. Member Volume	E. Non-Member Volume	F. Member Cooperative Volume	G. Total Volume
Barley		Bushel				
Canola		Cwt.				
Corn		Bushel				
Cotton:						
Upland	96	Bale	750,000	50,000	0	800,000
ELS	96	Bale	25,000	2,000	0	27,000
Flaxseed		Cwt.				
Mustard Seed		Cwt.				
Oats		Bushel				
Rapeseed		Cwt.				
Rice		Cwt.				
Safflower		Cwt.				
Sorghum		Cwt.				
Soybeans		Bushel				
Sunflower Seed		Cwt.				
Wheat		Bushel				
H. TOTALS →			775,000	52,000	0	827,000

20. REQUIRED RESOLUTIONS

The board of directors of a cooperative applying for approval in the CMA Program must adopt the following resolutions: (a) CMA Program handbooks have been read and considered by this cooperative and this cooperative will abide by these policies and procedures. (b) This cooperative shall not, on the basis of race, color, age, sex, religion, marital status, national origin, or disability, deny any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to obtain loans and LDP's and shall comply with the provisions of the Civil Rights Act of 1964 and the Secretary's regulations issued thereunder, appearing in 6 CFR 15.1-15.12 and any amendments thereto; Section 504 of the Rehabilitation Act of 1973, as amended by the Rehabilitation Comprehensive Services and Developmental Disabilities Amendments of 1978; and provisions of the Age Discrimination Act of 1975, as amended, and the Equal Credit Opportunity Act of 1975. The cooperative shall not discriminate against employees under Title VII of the Civil Rights Act of 1964, as amended, or the Equal Pay Act of 1963 or Title VI of the Civil Rights Act of 1964 as administered by the Equal Employment Opportunity Commission, and shall handle employee discrimination complaints as provided for in 28 CFR Part 42 and 29 CFR Part 1691. The United States shall have the right to enforce compliance with statutes and regulations by suit or by any other action authorized by law.

This is to certify that Board resolutions related to CMA Program compliance and nondiscrimination were adopted by the board of directors at its meeting on June 11, 199X (date), a quorum being present.

SIGNATURE (This resolution must be signed by the Cooperative's secretary)	DATE
/s/ Jane Secretary	June 18, 199X

21. CERTIFICATION

I certify that the information included with this application is true and correct to the best of my knowledge and belief. I also certify that the articles of incorporation and marketing agreements and their related amendments, if any, submitted with true and correct current copies of these documents. The executive Vice President, CCC, or any duly authorized representative of the U.S. Department of Agriculture, is hereby authorized to examine the books, records, and files of this cooperative for the purpose of verifying any of the information as may be required for the purpose of making the determination for which application is made. If any change is made in any cooperative documents furnished with this application either by revision, amendment or by a resolution of the board of directors, a copy of such revised documents will be furnished promptly to the Director, Price Support Division, identified in the "INSTRUCTION" on the front side.

SIGNATURE (This application must be signed by an authorized official of the Cooperative)	TITLE	DATE
/s/ Hal Smith	CEO	June 12, 199X

PENALTY STATEMENT

Section 15(a) of the Commodity Credit Corporation (CCC) Chapter Act of 15 USC 714 (n)(4) provides a fine of not more than \$10,000 or not more than five years imprisonment, or both, for making any statement knowing it to be false for the purpose of influencing the action of CCC or of obtaining money under any act applicable to CCC. The making of such false statements may be subject entity to civil liability, including liable under 31 USC 231.